

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7540

BILL NUMBER: HB 1660

NOTE PREPARED: Jan 10, 2007

BILL AMENDED:

SUBJECT: Annexation.

FIRST AUTHOR: Rep. Austin

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill provides that land is contiguous with a municipality for purposes of annexation if at least 1/4 of the aggregate external boundary of the land (instead of 1/8) coincides with the boundary of the municipality. The bill after June 30, 2007, prohibits a person who owns or occupies property from entering into an agreement with a municipality not to remonstrate, appeal, or file an action against annexation proceedings. The bill requires a municipality to annex whole parcels of land. The bill repeals statutes that provide that a landowner who connects to sewer or water service because a person other than the landowner has polluted or contaminated the area is not required to grant a municipality a waiver of remonstrance to an annexation of the landowner's property.

Effective Date: July 1, 2007.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: When territory is annexed, services need to be extended to that territory. The extension of services to annexed territory creates additional expenditures for the municipality. If an ordinance for annexation does not take place or is defeated, then the municipality would not have to make these expenditures.

The bill would make it more difficult for annexations to take place. First, if owners of property could no longer enter into agreements not to remonstrate against annexation proceedings, local authorities may require additional staff time to confirm and count signatures when remonstrances against an annexation are filed and

conducted.

Second, the bill would require 1/4th of aggregate boundaries coinciding between land to be annexed and the annexing municipality instead of 1/8th of the border to be considered contiguous. This provision plus the provision that only whole parcels of land could be annexed would also make it more difficult to annex territory.

Explanation of Local Revenues: The annexation of property broadens the property tax base, which tax rates are based on. If the legislative body of a municipality passes an ordinance to annex territory, the existing taxpayers in the municipality could have a rate reduction and the annexed taxpayers could have a rate increase. If an ordinance to annex were to fail, under the provisions of the bill, residents within and without of the proposed annexation territory would not experience a rate change influenced by the proposed annexation.

State Agencies Affected:

Local Agencies Affected: Municipalities.

Information Sources:

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